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1914

A2A98 1941

U. S. Department of Agriculture

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Information

FILE

Part I - STRICTLY CONFIDENTIAL

AND-10-41

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AGRICULTURE AND NATIONAL DEFENSE

FIRST RUBBER PARTY RETURNS FROM SOUTH AMERICA: The first USDA rubber party returned this week from Buenaventura, Colombia, after completing a survey of prospective rubber areas. In the group were Dr. E. C. Stakman, in charge, Dr. Alexander Skutch, Earl Blair, and M. N. Striker. They immediately began the job of tabulating results.

FROM MANILA, WHERE H. H. BARTLETT has been studying Philippine rubber specimens, comes word that he will sail for Panama Feb. 1 with a collection of Goodyear "clones"--superior yielding varieties of rubber trees which have been budded onto scudding stumps. The clones will be tested at the Department's nurseries in Central America.

SUMMARY OF CABLES ON FOREIGN DEVELOPMENTS: GERMANY: The December 1940 hog census revealed a fairly large drop in hog numbers from the 29,083,000 recorded by the December 1939 census. There was, however, a large increase in the number of bred sows compared with the 1,176,000 head of the same month a year ago. The increase is attributed to expanding breeding activities as a result of bumper potato and fodder beet crops. It is anticipated that hog numbers will reach a record total in March. At present, however, the daily meat demands cannot be met from current slaughter and it is necessary to draw on reserve stocks.

DENMARK: Products to the value of 40 million crowns (\$8,000,000), including lumber, paper pulp, iron, machinery and chemicals, are to be sent to Denmark during the first half of 1941 under the terms of a barter agreement recently negotiated between Sweden and Denmark. Sweden in return will receive products to the extent of 30 million crowns (\$6,000,000), including agricultural products, machinery and pharmaceuticals. Additional products valued at 10 million crowns (\$2,000,000) will be sent by Germany to Sweden and credited to the German debt to Denmark.

A DENMARK-FINLAND BARTER AGREEMENT for the first half of 1941 calls for Danish imports from Finland to the extent of 30 million crowns and Danish exports to Finland of 20 million crowns plus exports from Germany to Finland of 10 million crowns, credited to Germany's debt. Additional barter agreements are now being negotiated with the Netherlands, Norway, the U.S.S.R. and Belgium. An agreement between Germany and Denmark is expected to be completed within two weeks. Indications are that Italy will ship leaf tobacco to Denmark during the current year to the value of 6 million crowns, the transaction to be credited to Germany's debt to Denmark as being shipped from Germany.

UNITED KINGDOM: The ministry of food announced that fresh meat supplies would be short for several weeks and that the ration may have to be reduced further. It was pointed out that the supply position was expected to improve later with larger domestic slaughter and withdrawals from reserve stocks and increased imports from Eire. The ministry attributed the current shortage to the diversion of ships to the Mediterranean.

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Part II - FOR ADMINISTRATIVE USE

AND-10-41
Jan. 17, 1941

AGRICULTURE AND NATIONAL DEFENSE

IN HIS ADDRESS ON AGRICULTURAL PREPAREDNESS at Purdue University January 15, Secretary Wickard urged that we do our thinking about exports in an atmosphere of hard fact, not sentimental hope. Some highlights of the address follow:

"The trend of American farm exports has been downward since the turn of the century. For a long time our national policies have been such as to discourage rather than encourage our farm exports.

"The nations of the old world have lived in fear of war during our generation, and have been trying to become self-sufficient for food. Also, new land in this hemisphere and in the Eastern hemisphere has been broken out for cultivation by the millions of acres in the past 40 years.

"In the past 20 years our only action that offered a real solution to the problem of lost exports for American products was the Reciprocal Trade Agreements program.

"There are two bales of cotton on hand in the world today for every bale that will probably be used in the current marketing year. There are at least 2 billion bushels of wheat in the world today for which no market exists. The situation is likewise critical with regard to lard and tobacco. Tremendous surpluses were on hand before the war broke out. And if the war were to end tomorrow, or next year, they would probably still be there.

"If it is improbable that our exports will return to what we regard as normal, then the producers of wheat and cotton and lard and tobacco must prepare for a buyers' market, so far as world trade is concerned. And when there are huge supplies on the world market, it seems to me the only way to avoid cut-throat competition is to develop international agreements among the producing nations. Such agreements can be worked out, in a world at peace, and several might be in effect right now had not the war intervened."

Note: Complete text of address is attached.

SERVICE PROCUREMENT DIVISION LIFTS BAN ON BIG TURKEYS: The poultry committee of the USDA has induced the procurement division to raise the 12-pound limit on turkeys purchased for Army and Navy use. Under the new specifications turkeys weighing up to 25 pounds may be purchased for Army and Navy canteens. The change in specifications is expected to help move large turkeys which farmers have found difficult to sell on the retail market. The procurement division also is making certain changes in the packing requirements for eggs to accommodate the convenience of the poultry industry.

DEPARTMENT RETURNS BUILDINGS TO ARMY: Four large warehouses and one former arsenal which the Department has been using with the Army's permission are being returned at the Army's request. The Bureau of Entomology and Plant Quarantine was using a Cumberland, Pa., warehouse of 89,000 square feet and the Frankfort arsenal at Philadelphia, which houses the Bureau offices. The other warehouses are located at Schenectady, N.Y., (250,000 square feet); Lacarne, Ohio, (80,000 square feet); and Chicago, (6,059 square feet) now occupied by the Forest Service, Soil Conservation Service, and Bureau of Animal Industry respectively.

SUMMARY OF FOREIGN DEVELOPMENTS:

ITALY: The Ministry of Agriculture ordered the completion by January 15 of a census of basic food supplies held by farmers, merchants and manufacturers. Amounts thus ascertained will be consigned to pools or will be blocked subject to the disposition of the authorities.

The Italian press is seeking to allay apprehensions aroused by the announced census of essential food commodities ordered by the Ministry of Agriculture, declaring that the census is necessary in order to guarantee efficient distribution and that it in no way implies any shortage of foodstuffs. The Italian autarchy program, it is claimed, is a guarantee that the nation will attempt to feed itself. It is also claimed that the unusually large corn and rice crops offset the small wheat crop; that the olive oil yield last year was the best in 50 years while the new crop will be about average with respect to the past five years; and that livestock production is sufficient to ensure a normal supply of animal fats. The Italian press has been giving much publicity to the severe rationing of essential commodities in neutral European countries.

RUSSIA: Negotiations with Germany under way since October, 1940, were completed on January 10, 1941. The agreement signed on that date represents a further stage in the realization of the economic program planned by both governments in 1939. It regulates the trade turnover between the two countries up to August 1942. The amount of mutual deliveries provided for exceeds considerably that in the first agreement. Russia will deliver industrial raw materials, petroleum products, and foodstuffs in return for German industrial equipment.

Agreements have been concluded with Germany relative to the transfer and resettlement in Germany of German nationals in Latvia, Estonia and Lithuania, and for the transfer and resettlement in the Union of Soviet Socialist Republics of Latvian, Lithuanian and Estonian nationals now in Germany. Persons who have declared their desire to resettle may do so in the course of two and one half months from the date of the agreements (January 10, 1941) in accordance with procedure established in the agreements. The agreements also provide for the settlement of mutual property claims connected with resettlement.

UNITED KINGDOM: The Ministry of Food announced maximum wholesale and retail prices, effective January 13, for a wide range of unrationed foods. The maximum prices were fixed at levels prevailing on December 2. It was stated that the purpose of the order was to prevent speculation in foods in short supply as a result of reduced imports. The foods for which maximum prices were fixed were as follows: coffee, including coffee essence and chicory; cocoa powder, cocoa butter and chocolate sold for use as a beverage; canned and bottled vegetables; canned pork and beans; honey; meat pastes, fish pastes, poultry and other edible pastes; meat and other edible extracts; shredded suet; dead poultry other than turkeys; rice, tapioca and sago, macaroni, spaghetti and vermicelli; biscuits rusks and crisp breads; soups tinned, bottled and powdered; processed or wrapped cheese; pickles; sauces and relishes; table jellies; and edible nuts.

The order is an interim measure while detailed price orders covering the products mentioned are in preparation. In addition it was expected that maximum price orders would be issued in the near future to cover syrups, marmalades, jams (other than those already covered), canned and bottled fruits, and canned fish other than salmon.

SPAIN: Negotiations with Brazil for 120,000 bales of cotton, at first reported consummated and later reported to have been abandoned, were recently reopened, but for the smaller quantity of 80,000 bales. These 80,000 bales have now been sold to the Spanish Government and shipments on Spanish vessels are under way. The Bank of Brazil has agreed to finance the shipments, repayment to the Bank being guaranteed by the Brazilian Government. Payment is to be effected in four installments terminating 13 months after shipment from Brazil, and the obligations are to carry an interest rate of $3\frac{1}{2}$ percent.

Negotiations with Argentina for 100,000 bales of Argentine cotton, initiated when the Brazilian negotiations appeared to be on the verge of collapse, have now been held up. Argentine bankers were unwilling to grant more than 24 months' credit. An Argentine official stated that in view of the steady drain on Spanish gold reserves Spain must secure cotton from sources able to grant repayment privileges over a period of at least five years. Trade circles report, however, that the Argentine Government had expressed a willingness to guarantee payment to shippers providing the operation did not exceed two years.

